

Governor's Blue Ribbon Water Task Force

Draft Meeting Notes

July 26-27, 2006

Attendees: Larry Blair, Conci Bokum, Brian Burnett, John D'Antonio, Lisa Henne, Debbie Hughes, Bill Hume, Sarah Kotchian, Elmer Lincoln, Estevan Lopez, Paul Paryski, and Elmer Salazar.

Updates from the Regions

Brian Burnett reported that he has been encouraging other organizations to provide input in the form of white papers, etc. to the governor for the Year of Water

Bill Hume mentioned that capital outlay reform will be tackled in the next legislative session. The governor's office is starting to work with legislators on how a simplified prioritization scheme could be put into place.

Conci Bokum reported that the City of Santa Fe and Santa Fe County are having conflicts over the Buckman Direct Diversion project. A request for proposals (RFP) has been issued, but the conflict could discourage contractors from going through the effort and expense of preparing proposals. It is important for bidders to have confidence that the RFP will not be withdrawn.

Elmer Lincoln commented that the San Juan stream adjudication is very active right now. The state land office wants to establish federal reserve rights claim, which would establish that the state land office has water rights. If the land office is successful in its claim, it would be part of the adjudication along with other water rights holders. People are concerned about how that claim could affect water use in the basin. Debbie Hughes commented that there has been legislation passed that federal or state entities would have to show beneficial use.

Elmer Lincoln also reported that Navajo Lake has receded slightly but is still at 6066 ft., which translates to a content of 1,436,546 acre-feet. Elmer added that some water is being released to meet habitat requirements for fish.

Elmer Lincoln also commented that the Navajo nation is having an election for the entire legislature and the presidency this fall, with a primary on August 8th. The potential impact of the position changes on water are not clear; many of the candidates are in favor of the settlement but some are not.

Debbie Hughes reported that the Carlsbad Soil and Water Conservation District (SWCD) has a contract with the ISC to develop a plan for managing the lands that the ISC has purchased. There have been problems with blowing dust and weeds spreading onto adjacent land. Without any water set aside for maintaining this land, it is difficult or impossible to establish the native vegetation that was planned for these sites. Debbie added that it might be necessary to go to the legislature to get some water for establishing appropriate vegetation.

Debbie also reported that the Otero SWCD received funding from the state for a hydrogeologic study of the Sacramento mountains that will help identify areas where tree thinning would be most beneficial for recharging aquifers or historic springs. Other projects include a \$300-400K grant in the Pecos under a 319 grant. The lower Rio Grande has about \$1M for salt cedar removal from federal funding. Conservation districts also received money that was originally awarded to Española but returned because the city could not spend it as intended. The conservation districts are also working on the Watershed Restoration Action Strategies that the NMED is requiring before work can be done in watersheds. Debbie added that the districts are working with the Bureau of Land Management on mesquite removal and restoration effort in southeast New Mexico to improve habitat for the sand dune lizard and prairie chicken.

Brian Burnett asked if there is a total number of cleared acreage to date, cost per acre, etc. that can be documented. Debbie responded that there is no documentation for the total numbers, but each project area submits quarterly reports that could be combined to get a total number.

Paul Paryski reported that the City of Santa Fe is starting a green building program.

Elmer Salazar reported that his region is getting more precipitation, but the fire danger is still high to very high.

Lisa Henne reported that she met with Tom Bowles, who is the governor's new science advisor from Los Alamos National Laboratory. Lisa reported that Dr. Bowles expressed an interest in water issues in general, and agricultural water conservation in particular. Dr. Bowles is also interested in how science and technology can contribute to economic development, energy and water, high performance computing ("e-science"), and the New Mexico Technology Research Collaborative, which involves public/private partnerships. Lisa commented that Dr. Bowles is very interested in improving communication and enhancing collaborations between different sectors in the state that are involved in water issues.

Dr. Bowles will also be overseeing the evaluation of projects funded through the Water Innovation Fund. He is interested in bringing a diverse group of people together to evaluate the projects. Lisa commented that she suggested that he look to the BRWTF for expertise in a variety of areas, and agreed to provide him with contact information for interested members. Lisa informed Task Force members that Dr. Bowles will be added to the BRWTF email distribution list, and is planning to attend some meetings.

Task Force members also discussed updating the membership. Attendance records show that approximately 50% of members participate regularly, while the remaining members have not participated for the past two years or longer. Participating Task Force members have expressed concern that there is inadequate representation for certain sectors and geographic regions because non-participating members have not stepped down to allow new members to be appointed. Task Force members asked Bill Hume to look into the problem.

OSE/ISC Updates

John D'Antonio commented that the DFA and other financial people are indicating that the OSE/ISC might not have as much money this year because money has been earmarked for education, health, etc. John added that his office has put together a draft communication plan that still needs to be vetted with the governor's staff. The preliminary requests include:

- Support for Water Trust Fund referendum
- Funding for water rights settlements
- Funding of implementation of the Arizona water rights settlement
- Funding for continued implementation of the Pecos settlement
- Funding for AWRM
- Funding for water masters
- Funding for the state water plan
- Funding for the Ute pipeline
- Funding for ESA
- Funding for dam safety
- Funding for developing new water sources in salt basin
- Funding for technological advances for mapping and adjudication
- Funding for regionalization of capital infrastructure projects

Bill Hume commented that the governor's support for water rights settlements is stronger than ever, but the governor is also adamant that the state is not going to put itself into the position of contributing more than its fair share of the settlement costs by putting forward the money too soon. Bill also commented that there is some concern that the strategy in Washington will be to fund Taos as the least expensive and most supported settlement, and then use that for justification to not provide any more settlement money under the current administration.

Estevan categorized the priorities under capital and recurring (see bullets below), and commented that overhead and recurring expenses are being funded on a yearly basis by diminishing trust funds. The \$12M annual OSE/ISC expenditures deplete the funds at approximately \$6M/year after \$6M/year offsets from fund growth. Given the depletion of the funds, the OSE/ISC has been told to find a new way to fund these recurring expenses.

Capital priorities

- Water trust fund
- Indian settlements
- Water/wastewater systems

Recurring needs

- Statewide planning
- Aquifer mapping
- ESA/NEPA compliance
- Adjudication
- AWRM implementation
- Conservation programs

Debbie Hughes commented that one of the funds the the OSE/ISC uses is the Río Grande Fund, and the other is the Irrigation Works Improvement Fund. Debbie asked if the governor could put more money into those funds that would be earmarked for the OSE/ISC to use. Debbie added that to do so would require legislation to change the purpose of the funds.

Year of Water

In reference to the BRWTF 2005 annual report, John D'Antonio noted that all of the five primary recommendations (term-to-perm, Pecos settlement funding, AWRM and WATERS, Navajo, and Water Trust Fund) are well on track. Task Force members agreed that in a message to the governor for the Year of Water, it would be good to start with noting these accomplishments.

Themes that emerged as being important to consider for a big Year of Water initiative included the following:

- Drought
- Water security
- Closing the gap
- Technology
- Economics
- Conservation
- Culture
- Ecology an environmental values
- Watershed management

John D'Antonio suggested the following four **overarching categories** for the themes listed above:

- Water quality
- Water quantity
- Management/enforcement
- Water certainty

Task Force members identified the following points and concepts that should be articulated in the **introduction** to the Year of Water recommendations for the governor.

- Legacy for governor
- Drought and Severity
- Variability in climate
- Certainty/security for New Mexico's future
- Importance of water to culture
- Water as lifeblood
- Environment
- Economic development
- Importance to compact deliveries

Task Force members discussed ideas for **high-impact projects** for the governor to support for the Year of Water. Ideas included:

1. Implement a water tax. Equity would be a significant consideration, and property taxes, gross receipts tax, which would tax based on impacts to the resource base, or a mill rate were suggested.
2. End 100% grants for water/wastewater infrastructure projects
3. Implement capital outlay reform – uniform application process and interagency cooperation
4. Adjust agency budgets to reflect increasing workload related to economic growth – having a dynamic economic development industry require that agencies can respond to the growth and not create bottlenecks due to inadequate resources.
5. Amend structure for Rio Grande Fund and Irrigation Works Improvement Fund so that OSE/ISC can use the funds for recurring needs
6. Conservation program
7. Governor's innovation fund
8. Watershed and riparian restoration demonstration project (build on hydrologic study in the Sacramentos)
9. Develop internationally-recognized expertise in water conserving irrigation technologies
10. Gross receipts tax exemption for water conservation investments
11. NPDES primacy
12. Watershed division – energy and minerals
13. Desalination technologies
14. Support for Water Infrastructure Investment Team project to create uniform application process and capital outlay process. Technical team activities interagency function. Business model for sustainability – require that applicants can pay O&M costs – require prudent

business practices. Use public school capital outlay process as an example. Endorse this process.

15. Safe drinking water – old systems from 1950s – safe drinking water act. Time to revisit that program.
16. State and regional water plan implementation
17. Sorting out water rights on the Middle Rio Grande
18. Dam safety
19. Commemoration of the territorial water code of 1907
20. Water Trust Fund referendum

Bill Hume suggested that the Task Force would be most helpful in making recommendations about where to go in the future, and to focus less on budgetary issues that will be discussed anyway.

Debbie Hughes suggested that the speaker of the house hire Joe Stell as a consultant to help focus on the year of water.

Debbie Hughes also commented that it will be important to package and present the topics in a way that the public can support them. Elmer Lincoln added that we need an attractive theme that will capture people's attention, and presenting along list of priorities will not do that. Debbie Hughes suggested that the Year of Water recommendations should not be based on building the OSE bureaucracy, but rather should focus on projects.

Elmer Salazar commented that many people do not understand how water rights settlements benefit them, and that we need to find a way to change public perception.

Brian Burnett encouraged Task Force members to remember that things rarely happen the first year and perseverance is needed to bring about change. Brian added that if the business community understands that certainty comes at a price.

Debbie Hughes commented that she would like to see a system for different entities that are seeking funding for water projects to be able to be more supportive of each other in the legislature. The current system encourages competition for funding. Debbie mentioned as an example that the Land, Water, and Clean Energy bill will be coming up in the next legislative session, and will compete with OSE/ISC for funding.